

Message Text

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INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

USMISSION NATO

DIA WASHDC

USCINCEUR VAIHINGEN GER

C O N F I D E N T I A L SECTION 1 OF 2 LISBON 3249

LIMDIS

E.O. 11652: GDS

TAGS: PFOR, PINT, PO

SUBJ: PORTUGAL'S EVOLVING MOOD

SUMMARY: PORTUGAL'S POPULAR MOOD HAS EVOLVED SIGNIFICANTLY FROM ONE OF ENTHUSIASM FOR AFM TO ONE OF INCREASING DISAFFECTION. CAUSES ARE (A) ELECTIONS WHICH DEFINED ALL TOO CLEARLY THE DIFFERENCES BETWEEN THE PEOPLE AND THE AFM, (B) THE EMERGING ECONOMIC CRISIS, PARTICULARLY UNEMPLOYMENT, (C) ANGOLA, (D) INEPTITUDE--THE SHEER INABILITY TO GOVERN, (E) THE PASSAGE OF TIME, AND (F) THE CIVILIAN CHALLENGE, PARTICULARLY THE SOCIALISTS, BUT POTENTIALLY THE CHURCH. THE AFM TRADITIONAL RESPONSE TO CRISIS--THE LEFTWARD LURCH--WILL FURTHER ISOLATE THEM FROM POPULAR WILL. THE PRESENT UNEASY QUILIBRIUM IS UNCONFIDENTIAL

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LIKELY TO LAST. WHEN IT BREAKS, POSSIBILITIES RANGE

FROM FURTHER CONSOLIDATION OF THOSE WHO THINK THEY CAN SHAPE POPULAR WILL, TO AN OPEN POWER STRUGGLE. ONE MORE TRY AT CONSENSUS GOVERNMENT SEEMS LIKELY, BUT THE PORTUGUESE REVOLUTION IS STILL IN SEARCH OF THE STRONG MAN WHO CAN PULL IT OUT OF ITS DEEPENING QUAGMIRE. END SUMMARY

1. THE TONE AND PSYCHOLOGY OF A COUNTRY ARE DIFFICULT TO ASSESS, AND THERE IS ALWAYS A DANGER THAT THEY WILL BE OVERWEIGHED. BUT POPULAR SENTIMENT CAN HAVE A DECIDED BEARING ON THE BODY POLITIC, EVEN IN A COUNTRY WHERE THE BODY POLITIC IS MAINLY MILITARY IN CHARACTER.

2. PRIOR TO THE ELECTIONS THE AFM, PARTICULARLY THE RADICALS, MANAGED TO KEEP THE POPULATION TUNED UP. THE NOVELTY OF IT ALL, THE END OF THE DREARY COLONIAL WAR, AT LEAST PARTIAL FREEDOM OF EXPRESSION, ELECTIONS , AND THE IDEALISM OF THE YOUNG CAPTAINS ALL HAD THEIR APPEAL. MOREOVER THE DANGER FROM THE RIGHT--THE "CAPITALISTS" AND THE CONSERVATIVE MILITARY--WAS PERCEIVED AS A REAL THREAT. THE RADICAL PROPAGANDISTS AND THE PCP HAD A LOT OF PEOPLE CONVINCED THAT FASCISM COULD RETURN TO MAINLAND PORTUGAL. ANYTHING WAS BETTER THAN THAT. THEY ALSO PLAYED SKILLFULLY ON THE PENT UP HATE AGAINST THE OLD ECONOMIC OLIGARCHY.

3. WHILE THE PROPAGANDA ORGANS CONTINUE TO BLARE AWAY, THE PEOPLE ARE BECOMING LESS WORRIED ABOUT FASCISM THAN THE ABILITY OF THE GOVERNMENT TO MEET THEIR BASIC NEEDS. A MOOD OF DISILLUSIONMENT IS SETTING IN. SOME THINK THE REACTION IS EVEN STRONGER. BOTH THE CARDINAL PATRIARCH OF LISBON AND GOP MINISTER FOR OVERSEAS TERRITORIES TOLD ME PRIVATELY THE PEOPLE ARE TURNING VERY MUCH AGAINST THE AFM. OTHERS SAY THE SAME THING IN EVEN STRONGER TERMS. INCREASINGLY THE AFM IS BECOMING THE BUTT OF POPULAR JOKES.

4. SEVERAL FACTORS HAVE CONVERGED TO PRECIPITATE THIS CHANGE:
(A) EMERGING ECONOMIC PROBLEMS. MOST IMPORTANT ARE THE RAPID DECLINE IN PRODUCTION AND RISING UNEMPLOYMENT, WHOSE POTENTIALLY ENORMOUS IMPACT IS DISGUISED BY INABILITY OF FACTORIES TO LAY OFF
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EMPLOYEES. IF THIS AND LABOR STRIFE CONTINUE MUCH LONGER MASSIVE FLIGHT OF CAPITAL COULD OCCUR. WHILE FAMILIES AND NEIGHBORS TRADITIONALLY HELP UNEMPLOYED, THERE IS MINIMAL UNEMPLOYMENT INSURANCE AND THE TRADITIONAL ESCAPE VALVE, EMIGRATION, HAS BEEN CLOSED BY ECONOMIC PROBLEMS ELSEWHERE IN EUROPE. THIS PLUS THE SERIOUS DECLINE IN BALANCE OF PAYMENTS POSITION (DESPITE STILL CONSIDERABLE RESOURCES) HAS LED TO INCREASING ALARM ABOUT ECONOMIC CRISIS. IT DOESN'T ADD TO AFM POPULARITY FOR

MAJORS AND COLONELS TO BE PROMOTED TO GENERAL AND THEN CALL FOR AUSTERITY. MOREOVER THE OLD SCAPEGOATS, THE "CAPITALISTS" ARE PRETTY MUCH ON THEIR WAY TO BEING BROKEN, AND IT IS DIFFICULT TO KEEP THE PEOPLE EXCITED ABOUT THEM.

(B) PROBLEMS IN ANGOLA. IT IS DIFFICULT TO ASSESS THE IMPACT OF THE ANGOLA DETERIORATION ON THE PORTUGUESE GOVERNMENT AND PUBLIC. AT A MINIMUM IT WILL ADD TO THE UNEMPLOYMENT PROBLEM. AT MAXIMUM IT COULD ADD CONSIDERABLY TO PSYCHOLOGICAL WEAKENING OF AFM, SINCE DECOLONIZATION IS THEIR ONLY SIGNIFICANT ACHIEVEMENT TO DATE. WITH PORTUGUESE ARMY TAKING CASUALTIES AND TROOPS REFUSING TO GO, ANGOLA ALSO INCREASES FACTIONALISM WITHIN MILITARY AND AFM.

(C) INEPTITUDE. IT IS NOT TOO MUCH OF AN OVERSIMPLIFICATION TO SAY THAT THERE ARE THREE GOVERNMENTS IN PORTUGAL; THE AFM ASSEMBLY, THE REVOLUTIONARY COUNCIL, AND THE COUNCIL OF MINISTERS. THEY OVERLAP; THEY ALL REACH DECISIONS BY CONSENSUS, AND NONE OF THE THREE IS ADDRESSING THE EVERYDAY PROBLEMS OF GOVERNING THE COUNTRY. NOR IS THERE ANY STAFF WORK. FOR EXAMPLE OVERSEAS MINISTER ALMEIDA SANTOS TOLD ME THAT WHEN HE HEARD OF THE 4:00 A.M. DECISION TO NATIONALIZE THE BANKS HE ASKED COSTA GOMES WHAT THIS MEANT FOR THE COLONIES AND FOUND THE ISSUE HAD NOT EVEN BEEN CONSIDERED. THE AFM ASSEMBLY AND THE REVOLUTIONARY COUNCIL ARE PREOCCUPIED WITH DEALING WITH THE POLITICAL ISSUE OF THE MOMENT, BE IT ANGOLA OR THE REPUBLICA AFFAIR. THE COUNCIL OF MINISTERS, WHICH MIGHT FILL THE VACUUM, IS INCREASINGLY ON THE MARGIN OF THE DECISION-MAKING PROCESS. MORE AND MORE ALL THREE GOVERNMENTS GIVE THE IMPRESSION OF SLOGANIZING AND MORALIZING WITHOUT GRAPPLING IN EVEN THE MOST ELEMENTARY WAY WITH THE PROBLEMS OF THE COUNTRY.

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ACTION EUR-08

INFO OCT-01 SS-14 ISO-00 NSC-05 NSCE-00 PM-03 INR-05

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C O N F I D E N T I A L SECTION 2 OF 2 LISBON 3249

LIMDIS

(D) TIME. ALL REVOLUTIONS LOSE THEIR LUSTER, AND THIS ONE IS NOW MORE THAN A YEAR OLD. THE IDEALISM OF LAST YEAR IS BECOMING THE DISILLUSIONMENT OF THIS YEAR. THE PORTUGUESE BY AND LARGE ARE NEITHER IDEALISTIC NOR OPTIMISTIC, SO IT IS DIFFICULT TO KEEP THEM INSPIRED FOR LONG, PARTICULARLY WHEN THEY SEE THAT THEIR VOTE HASN'T REALLY MATTERED.

(E) THE ELECTIONS. THE VOTE DEFINED WHAT WAS PREVIOUSLY JUST SPECULATION. DESPITE AFM ATTEMPTS TO OBSCURE THE ISSUE THE VOTE WAS CLEARLY IN FAVOR OF DEMOCRATIC SOCIALISM AND ANTI-PCP. CUNHAL SAW THIS AND FOUGHT TO AVOID THE ELECTIONS. BUT THE PEOPLE ALSO DELIVERED A DIRECT SLAP IN THE FACE TO THE AFM. THEY NOT ONLY REJECTED THE BLANK BALLOT, BUT THEY
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CLEARLY OPTED FOR A MODERATE COURSE RATHER THAN AFM EXTREMISM.
THE DILEMMA IS NOW CLEAR; EITHER THE AFM ACKNOWLEDGES THE POPULAR WILL OR IT DROPS THE DEMOCRATIC FACADE. BUT THE FIFTH DIVISION (PROPAGANDA DIVISION) PERSISTS IN THE THEME THAT THE ELECTIONS ONLY MEAN THE AFM NEEDS TO STEP UP ITS EDUCATION PROCESS. YET THE CULTURAL DYNAMIZATION CAMPAIGN WAS A CLEAR FAILURE, AND ANY EFFORT TO BYPASS THE PARTIES AND GO DIRECTLY TO THE PEOPLE IS EQUALLY LIKELY TO BE REJECTED, PARTICULARLY IN NORTHERN RURAL AREAS.

(F) THE CIVILIAN CHALLENGE. PRIOR TO ELECTIONS THE SOCIALISTS WERE WARY OF DIRECT CHALLENGES TO THE AFM FOR FEAR THE ELECTIONS WOULD BE CALLED OFF. NOW THEY HAVE A MANDATE, AND THEY MUST RESPOND OR LOSE THEIR POPULAR SUPPORT. THE CONSTITUENT ASSEMBLY PROVIDES A GOOD FORUM FOR THEM TO RAISE ISSUES AND THEY

HOPE TO USE IT. THE CHURCH ALSO SHOWS SIGNS OF GEARING UP FOR AT LEAST A BEHIND-THE-SCENS CONFRONTATION WITH THE AFM.

5. THE KEY QUESTION IS HOW THE AFM WILL RESPOND TO ITS GROWING PROBLEMS, POLITICAL, ADMINISTRATIVE, AND ECONOMIC. IN THE PAST THEY HAVE SHOWN AN UNCANNY ABILITY TO RESTRICT THEIR OPTIONS SO THAT THERE IS ONLY ONE EXIT--A FURTHER LURCH TO THE LEFT. BUT THERE IS NOT MUCH ROOM LEFT TO THE LEFT WITHOUT COMING PERIOUSLY CLOSE TO (A) ANARCHY, (B) PCP-DOMINATED/INFLUENCED RULE, (C) LEFT-NATIONALIST RULE, I.E. PERU, OR (D) NATIONALIST COMMUNIST RULE. IT IS THE PROSPECT OF ANARCHY THAT WORRIES MY EASTERN EUROPEAN COLLEAGUES, PERHAPS EVEN THE USSR.

6. WITH THE CHANGE OF MOOD THE AFM IS FINDING ITSELF INCREASINGLY ISOLATED. THIS OF COURSE CAN BE BOTH GOOD AND BAD. ON THE BAD SIDE IS INCREASES THEIR PARANOIA AND LEADS TO EVEN MORE IRRATIONAL AND ILL-CONSIDERED DECISIONS. ON THE POSITIVE SIDE, IT BEGINS TO RAISE DOUBTS IN AFM CIRCLES PARTICULARLY AMONG STILL REMAINING MODERATE ELEMENT, WHETHER THEY ARE HEADED IN THE RIGHT DIRECTION, OR WHETHER THEY ARE INDEED HEADING

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IN ANY DIRECTION OF THEIR OWN CHOOSING.

7. UNLESS THERE IS ANOTHER MARCH 11 TYPE OF OCCURENCE, FABRICATED OR OTHERWISE, WHICH COULD AGAIN BE EXPLOITED TO WHIP UP THE MASSES, THE EMERGING DISAFFECTION BETWEEN THE AFM AND THE POPULATION SEEMS BOUND TO INCREASE. PORTUGAL IS LIVING IN UNEASY EQUILIBRIUM AMONG MULTIPLE POWER CNETERS ANY OF WHICH MIGHT BE WILLING TO SEIZE AN OPPORTUNE MOMENT TO ECLIPSE THE OTHERS BY BIDDING FOR POPULAR SUPPORT. UNFORTUNATELY SO FAR THIS HASN'T MEANT RESPONDING TO POPULAR WILL, BUT TRYING TO SHAPE IT. BUT POPULAR WILL IS PROVING TO BE NOT SO MALLEABLE, AND SOME ARE BEGINNING TO REALIZE THIS.

8. WHEN THE PRESENT EQUILIBRIUM BREAKS, AND IT SHOULDN'T BE TOO FAR OFF THERE IS A WIDE RANGE OF POSSIBILITIES. AN OPEN POWER STRUGGLE COULD TAKE PLACE, CONCEIVABLY EVEN LEADING TO CIVIL WAR, ALTHOUGH WE THINK THIS STILL UNLIKELY. AT THE OTHER END OF THE SPECTRUM OF POSSIBILITIES SOMEONE LIKE VASCO GONCALVES, OTELO SARAIVA DE CARVALHO OR ROSA COUTINHO, OR POSSIBLY ALL THREE COULD SIMPLY CONSOLIDATE HIS OR THEIR POSITION. WE THINK ONE MORE TRY AT CONSENSUS GOVERNMENT IS LIKELY BEFORE THE MACHINERY BREAKS DOWN, BUT SUCH A TRY COULD ENTAIL THE NEUTRALIZATION BY ONE MEANS OR ANOTHER OF OPPOSITION

LEADERSHIP AND BE A MRERE FACADE OR PRELUDE TO STRONG
MAN RULE. EVENTUALLY PORTUGAL'S REVOLUTION SHOULD FIND ITS STRONG
MAN, BUT WE ARE ANYTHING BUT ENTHUSED ABOUT THE PRESENT POTENTIAL
CANDIDATES.
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